



Commonwealth of Massachusetts
Executive Office of
Energy and Environmental Affairs



Massachusetts Department of
Environmental Protection

Massachusetts Department of
Energy Resources

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Regional Greenhouse Gas Initiative Auction Process Goes Live Today

Auction Notice Opens 60-day Bidding Process for First-in-the-Nation Carbon Emissions Allowances Sale

The Regional Greenhouse Gas Initiative (RGGI) auction process goes live today, kicking off 60 days of bid preparation for this first-in-the-nation auction of carbon dioxide (CO₂) allowances to be held on September 25, 2008.

Today's Auction Notice opens the process that potential bidders must follow to qualify for and participate in the CO₂ allowance auction. The auction will generate investment in energy efficiency and renewable energy in RGGI states and fund programs to help create green jobs and support consumers. Substantially, all of Massachusetts's emissions allowances issued under the program will be auctioned – in this auction and subsequent ones – and the proceeds will go toward public benefits, including conservation for business and residential consumers, under the Green Communities Act, which was signed by the Governor on July 2.

"Massachusetts is putting efficiency and renewable energy at the core of its energy system going forward, and RGGI will substantially accelerate our progress," said Department of Energy Resources Commissioner Phil Giudice. "Auctions will put a price on carbon dioxide emissions, and the proceeds of those auctions will help consumers reduce their energy use, realize cost savings, and further reduce emissions."

"RGGI will take a giant step toward reducing greenhouse gas emissions in Massachusetts and throughout the Northeast," said Department of Environmental Protection Commissioner Laurie Burt. "Our region is doing its part to combat the threat of global climate change, and we hope that the rest of the nation will follow."

Massachusetts is one of 10 Northeast and Mid-Atlantic States pioneering the auction, designed as the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. The states have committed to cap and then reduce the amount of CO₂ that power plants in their region are allowed to emit, limiting the region's total contribution to atmospheric greenhouse gas levels.

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Under the RGGI process, after the 10 participating states have stabilized power sector carbon emissions at their capped level by 2014, the cap will be reduced each year from 2015 through 2018.

Massachusetts officials urge prospective bidders to seize this first opportunity to bid for CO₂ allowances by downloading final auction documents from: www.RGGI.org/auctions. All potential bidders must have successfully completed the qualification process to gain access to the auction.

Opening the auction process, RGGI's Executive Director Jonathan Schrag said, "This first RGGI auction is a historic moment. The auctions will spur innovation in the energy sector and we anticipate strong interest from bidders. The qualification process is extremely important, so I urge potential bidders to take advantage of the information and technical assistance being made available online today."

To obtain more information about the first auction, participants can log on to a conference call "webinar" today (July 24) from 2-4 p.m. EDT (*see details below*) or submit questions online at www.RGGI.org. All materials needed to participate in the upcoming auction are available at www.RGGI.org/auctions. All auction participants must open accounts in the RGGI tracking system; simple guidance to this procedure is available at www.RGGI.org/tracking.htm.

The RGGI auction process was designed with input from stakeholders and all 10 participating RGGI states and will provide a platform for the auctioning of each state's CO₂ allowances.

The September 25th auction will offer up to 12.5 million CO₂ allowances, including allowances issued by Connecticut, Maine, Maryland, Massachusetts, Rhode Island and Vermont. Any CO₂ allowances purchased at this auction can be used for compliance by a regulated facility in any of the RGGI states, even if that state does not offer allowances in this auction.

By holding this auction and the one planned for December, the ten RGGI states have exceeded the commitment made in December 2005. By signing the original Memorandum of Understanding, participating states committed to have a program in place by January 1, 2009. That goal will be met and these early auctions will ensure an ample opportunity for bidders to obtain the allowances they will need for compliance across the entire 10-state region.

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NOTES TO EDITORS:

Details on the Webinar

The webinar will be held on Thursday, July 24, 2008 from 2-4 p.m. EDT and is open to anyone interested in participating in the CO₂ Allowance Auction. Important details about how to participate in the auction will be covered. No questions will be taken during the webinar; however, an online question window opens the same day.

The slide presentation for the webinar will be available on the RGGI.org website by 8 a.m. EDT on Thursday, July 24, 2008.

To view the slides online as the presenter goes through them, log onto:
<http://www.infiniteconferencing.com/Events/worldenergy>. Select the participant option and then enter participant code 555661 and name, company, email address, and title.

To hear the audio presentation, participants must dial in the following teleconference number 1.888.875.4624 and participant code 555661#.

RGGI History

Initial CO₂ allowance auctions are being held in 2008 as pre-compliance events to facilitate market price discovery and compliance planning by regulated CO₂ emitters prior to the beginning of the first RGGI compliance period on January 1, 2009. A CO₂ allowance represents a permit to emit one ton of CO₂, as issued by a respective participating state. A power plant must hold CO₂ allowances equal to its emissions to demonstrate compliance at the end of each compliance period.

Under RGGI, the ten participating states will stabilize regional power sector CO₂ emissions at their capped level through 2014, and then reduce the cap by 10 percent at a rate of 2.5 percent each year between 2015 and 2018. Regulated power plants will be able to use a CO₂ allowance issued by any of the ten participating RGGI states to demonstrate compliance with an individual state CO₂ Budget Trading Program. Because CO₂ allowances issued by any participating state will be usable across all state programs, the ten individual state CO₂ Budget Trading Programs, in aggregate, will form one regional compliance market for carbon emissions.

All participating states anticipate formal launch of their regulatory programs by the beginning of 2009. Any CO₂ allowances purchased in the first auction will ultimately be usable to demonstrate compliance in any of the ten state programs. All potential market participants are eligible to participate in the first auction, even if located in a state that has yet to complete its regulatory implementation process.

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